

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on February 19, 2001 at 7:00 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. Brett Tramelli (D)
Rep. James Whitaker (R)

Members Excused: None.

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None
Executive Action: HB589, HB587, HB592, HB594,
HB596, HB597, HB530, HB514

EXECUTIVE ACTION ON HB594

Motion/Vote: REP. KEANE moved that HB594 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB596

Motion: REP. BITNEY moved HB596.

Discussion:

Motion: REP. BITNEY moved that HB596 BE AMENDED.

Discussion:

Mr. Higgins said the amendment re-writes the requirements of the bill to have the golf course include 18 holes and 6,000 lineal yards, be either within the city limits or within 1 mile of the limits, and the applicant may not have held a beer, wine, or all-beverage license within 12 months of the application. Also, beverage sales must stop 1 hour after sunset and there can be no gaming on the premises. The effective date will be immediate.

REP. GALLIK moved to segregate amendments #3 & #4.

Discussion:

REP. BITNEY said he would prefer that the amendments not be segregated because of the technical aspects. He said he did not want these golf courses to be in competition with the tavern owners. He asked the committee to vote against the segregation.

REP. GALLIK said he was not segregating the amendments for technical purposes. He said that if this would be good for a 18 hole golf course, it should be good for a 9 hole golf course.

REP. LAIBLE asked what if they changed the amendment to 9 holes and 3000 yards.

CHAIRMAN MCKENNEY said he had spoken to **Mr. Heissman** about how his golf course would be affected by the bill. If these amendments pass, he would not be able to get a beer and wine license for his golf course. But he said, knowing that these amendments are a delicate arrangement with the Tavern Association, he suggested, and **REP. MCKENNEY** concurred, that the

amendments go on, and hopefully, are passed through the House.

REP. MCKENNEY said this will give the Tavern Association more time to negotiate with the golf course people. "Hopefully they can come to an agreement in the Senate," he said, "and there can be some Senate amendments, then we will look at it again in the House." He agreed with **REP. BITNEY**, and said he would vote no on the Gallik segregation.

REP. GALLIK said based on a conversation he had just had with **REP. BITNEY**, he would withdraw his motion to segregate.

REP. MUSGROVE asked how many golf courses this would affect.

REP. BITNEY said he did not know exactly, but thought it was only a handful.

Vote: Motion carried 18-1 with Gallik voting no.

Motion/Vote: **REP. BITNEY** moved that **HB596 DO PASS AS AMENDED**.
Motion carried 18-1 with Juneau voting no.

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EXECUTIVE ACTION ON HB592

Motion: **REP. LAWSON** moved that **HB592 DO PASS**.

Discussion:

Motion: **REP. LAWSON** moved that **HB592 BE AMENDED**.

Discussion:

Mr. Higgins said these amendments include gatherers with producers in the new statute and put them on equal ground. It also removes the line items to be specified as charges against royalty, and pumping and treatment.

REP. BROWN said these amendments are based on a flawed assumption. He stated royalties are paid at the wellhead. He noted all these things are talking about what happens after it leaves the wellhead. He said he could not support these amendments because of this flawed assumption.

REP. GALLIK asked which amendments were flawed.

REP. BROWN said what the amendments try to do is include the gatherer and that process is after it leaves the wellhead. He mentioned amendments #2, and #4 as having these assumptions.

REP. KEANE asked when the gas comes out of the well, how do they know how much to pay.

REP. BROWN said there is a meter right at the well which measures the gas or oil, and they are paid according to that meter.

Vote: Motion failed 5-12 with Gallik, Galvin-Halcro, Juneau, Matthews, and Musgrove voting aye.

REP. BROWN showed the committee an example of a typical landowner who had a lease and had a well drilled on their property. He explained the gas had to go somewhere from the well. This is done by contract with a gatherer, who gets it to a central point where it is treated and then sold to Montana Power where it is sold for a higher price which includes the gathering and treatment costs. He said this bill attempts to get the royalty paid on this end price, rather than the wellhead price. He said this would throw chaos into the whole system, and would interfere with the contractual arrangements. He said there can be as many as four contracts along the way.

REP. BOOKOUT-REINICKE asked if this affected the gas in Canada which came down with no tax paid on it.

REP. BROWN said no.

REP. PRICE asked if there are any deductions at the wellhead.

REP. BROWN replied "only for taxes."

Motion/Vote: **REP. BOOKOUT-REINICKE** moved a substitute motion that HB592 BE TABLED. Motion carried 16-3 with Galvin-Halcro, Matthews, and Musgrove voting no.

Motion: REP. PRICE moved that HB597 DO PASS.

Discussion:

Motion: REP. GALLIK moved that HB597 BE AMENDED.

Discussion:

REP. GALLIK said this amendment establishes the department's ability to set the amount of license fees by administrative rule. He said this also provides that those concerned can determine what is appropriate for people to pay.

Mr. Higgins said the amendment would allow the bill to reflect the risk levels and allow the legislature to set these levels.

REP. MATTHEWS said he had heard this bill before and it was unrealistic to think this bill will pass. He said, "I want to vote for it, but I can't support this amendment."

{Tape : 1; Side : B; Approx. Time Counter : 0}

Vote: Motion failed 5-14 with Gallik, Juneau, Keane, Musgrove, and Tramelli voting aye.

Motion: REP. GALLIK moved that HB597 BE AMENDED.

Discussion:

Mr. Higgins said this amendment creates a codified section which would take the matter to the Consensus Council and bring a recommendation back to the 58th Legislature.

REP. MATTHEWS said he would support the amendment because it would show the true value of the Consensus Council.

REP. PRICE asked what the fiscal impact of the Consensus Council was.

Mr. Higgins said they receive some General Fund support.

REP. LAIBLE said he still was in opposition because it involved increasing the fees on small business.

Vote: Motion carried 11-8 with Bitney, Galvin-Halcro, Himmelberger, Laible, Price, Rome, Steinbeisser, and Whitaker voting no.

Motion: REP. LAIBLE moved that HB597 BE AMENDED.

Discussion:

Mr. Higgins said this amendment returns the collection of fees as was originally written.

Vote: Motion carried 15-4 with Bitney, Brown, Galvin-Halcro, and Whitaker voting no.

Motion: REP. LAIBLE moved that HB597 BE AMENDED.

Discussion:

REP. HIMMELBERGER said he had not been able to confirm it but felt he was already paying \$120 for brewery inspection. Also, he said, no one had been able to tell him what risk level his business would fall into.

REP. BROWN asked REP. GALVIN-HALCRO if her son's bakery would be a 2, 3 or 4 risk level.

REP. GALVIN-HALCRO said she didn't know , but she would not be able to support any bill which would increase his fees.

REP. LAWSON said these risk levels are discretionary. He said he felt the bill was giving the prerogative of the legislature away.

REP. MATTHEWS said these people haven't had a raise in their fee for 12 years, and the fact is they are underfunded.

REP. LAWSON said he could not support the bill as it is. If it fails, he said he would like to encourage these people to bring in a bill everybody would like.

REP. LAIBLE said, "I'm not saying they are not entitled to a raise in fees, but I don't like the risk levels."

REP. GALLIK said increasing the fees was the proper stewardship of resources, and they would be passed through to the customers. He said he thought the definitions were clear on the risk levels.

Vote: Motion failed 8-11 with Fritz, Gallik, Juneau, Keane, Matthews, Musgrove, Price, and Tramelli voting aye.

Motion/Vote: REP. LAIBLE moved that HB597 BE TABLED. Motion carried 11-8 with Fritz, Gallik, Juneau, Keane, Matthews, Musgrove, Price, and Tramelli voting no.

EXECUTIVE ACTION ON HB587

Motion: REP. LAIBLE moved HB587.

Discussion:

Motion/Vote: REP. LAIBLE moved that HB587 BE AMENDED. Motion carried 18-1 with Musgrove voting no.

Discussion:

Motion: REP. LAIBLE moved that HB597 DO PASS AS AMENDED.

Discussion:

REP. MUSGROVE said he thought this bill was a manifesto by an angry person. He said he would stay with the status quo.

REP. GALLIK said he opposed the bill for a myriad of reasons. He said it was an unfunded mandate, a tax increase, and a loss of local control.

REP. BOOKOUT-REINICKE said she was in favor of the bill because it put an impact fee on the developer and raised the price of the house. She said that way the city gets a double payment.

REP. GALVIN-HALCRO said development does have a huge impact on an area. She noted she had no water pressure at her house because of the subdivision behind her house.

REP. LAIBLE said this was not an unfunded mandate, it just required the county to list what the costs are in writing and say what the impact fees are for.

Vote: Motion carried 10-9 with Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Lawson, Matthews, Musgrove, and Tramelli voting no.

EXECUTIVE ACTION ON HB589

Motion: REP. BOOKOUT-REINICKE moved that HB589 DO PASS.

Discussion:

REP. BOOKOUT-REINICKE said this bill is for a developer who wants to turn some apartments into condominiums.

REP. LAIBLE said since the City of Missoula is in favor of it, he thought they were trying to get low-cost housing and were running into trouble with their own rules.

REP. BOOKOUT-REINICKE agreed but said these were not their rules, they were state rules. She said the families were already living there and the city wanted to encourage pride of ownership.

REP. FRITZ said she knew Missoula had some apartments it was trying to get rid of.

Vote: Motion carried 13-6 with Bitney, Himmelberger, Laible, Lawson, Steinbeisser, Whitaker voting no.

EXECUTIVE ACTION ON HB530

Motion: **REP. BITNEY** moved that HB530 BE taken off the TABLE.

Discussion:

REP. BITNEY said he felt there was some confusion on the bill the other night when it was voted on. He said the bill simply allows the complainant to request a new hearing officer.

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REP. GALLIK said he thought they should leave it on the table. He said he thought the Human Rights Commission had been working just fine.

REP. JUNEAU said the time line would be increased substantially. She said if people have been fired they do not have the money. The process with the Human Rights Commission is quicker and less costly, she said. She said, "We should leave the bill where it is."

REP. LAIBLE said he was in support of the bill the other day and still was. He said he didn't think it hurt either party, but instead gave more flexibility to the process.

Motion/Vote: REP. BITNEY moved that HB530 BE taken off the TABLE. Motion carried 11-8 with Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Matthews, Musgrove, and Tramelli voting no.

Motion/Vote: REP. BITNEY moved that HB530 DO PASS AS AMENDED. Motion carried 11-8 with Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Matthews, Musgrove, and Tramelli voting no.

EXECUTIVE ACTION ON HB514

Motion/Vote: REP. PRICE moved that HB514 BE taken off the TABLE. Motion failed 9-10 with Bookout-Reinicke, Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Musgrove, Price, and Tramelli voting aye.

ADJOURNMENT

Adjournment: 9:00 P.M.

REP. JOE MCKENNEY, Chairman

JANE NOFSINGER, Secretary

JM/JN

EXHIBIT (buh41bad)